



BOARD OF EQUALIZATION

**CUSTOMER SERVICE AND ADMINISTRATIVE
EFFICIENCY COMMITTEE MEETING MINUTES**HONORABLE BILL LEONARD, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

JUNE 24, 2008, 9:30 A.M.

ACTION ITEMS & STATUS REPORT ITEMS**Agenda Item No: 1****Title:** Administrative Settlement Program Report and Recommendations.**Issue/Topic:**

Report and recommendations on Board of Equalization's Administrative Settlement Program policies and procedures.

Committee Discussion:

Committee Chair Bill Leonard opened the Committee meeting by introducing the first agenda item and asked the staff to give the report and recommendations on the Administrative Settlement Program.

Ms. Jean Ogrod, Assistant Chief Counsel, with the Legal Department gave the Board an overview of the current 45-day policy for settlement offers that was implemented in 2001, to avoid cases being pulled from the Board meeting agenda.

Ms. Ogrod presented the Legal Department's two alternatives for modifying the current policy. She reported that the Board of Equalization now has a more efficient electronic calendaring system in place and that modifying the policy would expand taxpayer and feepayer access to the Settlement Program.

- Alternative Policy #1: Eliminate the 45-day deadline to allow a taxpayer or feepayer to submit a settlement offer up to the date their case is scheduled to be considered by the Board.
- Alternative Policy #2: Establish a 15-day deadline to allow a taxpayer or feepayer to submit a settlement offer up to 15 days before their case is scheduled to be considered by the Board and allow the Board Chair, who approves the Board meeting agenda, to waive the deadline.

Mr. Todd Gilman, Taxpayer Rights Advocate, commented that his office supports the staff recommendation to modify the 45-day policy for settlement offers.

Board Members discussed in detail with staff a number of issues regarding both alternatives including: current process, number of inquiries received by the Taxpayer

Rights Advocate, current notification process, notification process if new policy is implemented, settlement offers after the Board has considered and/or decided a case, logistical issues related to changing the deadline, and the scope of the statutory prohibition against Board Member participation in settling cases except in the final approval stage if Alternative #2 is approved with the option of allowing the Chair to waive the deadline.

Board Members discussed modifying Alternative #2 to eliminate the option for the Chair to waive the deadline, modifying the language to clarify that settlement offers may be considered on cases that have been considered and/or decided by the Board, such as cases continued or cases that have been decided and are the subject for a Petition for Rehearing or Claim for Refund. In addition, these modifications would be made with the understanding that they would not change the current process of allowing cases to be considered for settlement after the deadline when a basis for settlement has been reached or is likely to be reached.

Two motions were made and a vote was taken on both motions (see table under Committee Action/Recommendation/Direction).

After the vote, Committee Chair Bill Leonard asked staff to keep statistics of the number of requests to make a settlement offer that are received by the Legal Department and the Taxpayer Rights Advocate's Office after the 15-day deadline.

Committee Chair Bill Leonard thanked staff for their report.

Committee Action/Recommendation/Direction:

Motion 1-Alternative Policy #1: Eliminate 45-day deadline.

Motion by Committee Chair Bill Leonard, seconded by Ms. Steel. Upon a 3-2 vote, the motion failed.

MEMBER	Yee	Leonard	Steel	Chu	Mandel
VOTE	N	Y	Y	N	N

Committee Chair Bill Leonard asked Board Members if there was another motion.

Motion 2-Alternative Policy # 2 (with modifications): Establish 15-day deadline.

Board adopted with a 5-0 vote to establish a 15-day deadline to allow a taxpayer or feepayer to submit a settlement offer up to 15 days before their case is scheduled to be considered by the Board. Offers may be considered on cases that have been decided and are the subject for a Petition for Rehearing or Claim for Refund. The new policy allows cases to be considered for settlement after the 15-day deadline when a basis for settlement has been reached or is likely to be reached. The motion was carried without objection.

The direction to be taken:

- Implement the new 15-day deadline Administrative Settlement Program policy.
- Staff to keep statistics on the number of requests for settlements received after the 15 day deadline.

Committee Materials:

Report on Administrative Settlement Program: Policies, Procedures and Recommendations June 24, 2008 Board Meeting Memorandum to Board Members.

Agenda Item No: 2

Title: Report on Procedures for Unclaimed Property Being Held by State Controller's in Board of Equalization's Name.

Issue/Topic:

Update on Board of Equalization's efforts to resolve the properties that have been escheated to the State Controller's Office.

Committee Discussion:

Mr. Jeff McGuire, Sales and Use Tax Department, Tax Policy Division, gave an update on the efforts to clear unclaimed properties that have been escheated to the State Controller that list the Board of Equalization (BOE) as an owner or co-owner on the property.

He stated staff has been working very closely with the Controller's staff to obtain the detailed property information, behind the public information displayed on the Internet. In addition, the ability to remove the BOE name as co-owner when it is determined that BOE has no interest in the listed property. With the new processes in place staff is able to actively work on clearing BOE listed properties.

Mr. McGuire reported there are currently 673 properties valued at about \$800,000 that list BOE as owner or co-owner. These properties have accumulated over many years with the oldest property going back to 1979.

He stated under the current review process, if the property is in fact BOE's those amounts would be deposited into the appropriate fund. If BOE should not be listed as co-owner, staff would first determine if the true owner has any outstanding liabilities with BOE. If a liability exists, a claim on the property would be made and the funds would be applied to that liability. If no liability exists, BOE would release interest in the property and the Controller's office would remove BOE name. A letter would be provided to the true owner indicating BOE has removed its interest in the noted property and explain how the property can be reclaimed.

He also stated that if BOE is the sole owner and it is determined that the property is not BOE's, they would notify the Controller and a claim form would be sent to the party who originally released the property to the Controller so it can be reclaimed.

In all cases, claims require a manual review of the Controller's property data to match with the taxpayer or accounting data and in some cases direct contact with the taxpayer or other third-party to obtain supporting documents.

Mr. McGuire reported since March, 2008 BOE has successfully relinquished properties totaling about \$55,000. Staff is currently reviewing the next 300 accounts where BOE is shown as a co-owner. Staff expects to complete their review of those accounts within the next few weeks. Staff will then concentrate on the remaining properties and expects to

have 90% of those properties cleared by October, 2008.

Committee Chair Bill Leonard thanked the staff and asked the Board Members if they had any questions.

Committee Chair Bill Leonard thanked the Controller's office for their cooperation and helpfulness on bringing this together.

Committee Chair Bill Leonard adjourned the meeting.

Committee Action/Recommendation/Direction:

- Staff to continue to keep Board informed of progress

Committee Materials:

- State Controller's Unclaimed Properties Update Memorandum dated June 9, 2008.

Approved: /s/ Bill Leonard
Honorable Bill Leonard, Committee Chair

/s/ Ramon J. Hirsig
Ramon J. Hirsig, Executive Director

BOARD APPROVED

At the June 24, 2008 Board Meeting

/s/ Diane Olson
Diane Olson, Chief